

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
INVESTMENT IN MENTAL HEALTH WELLNESS GRANT PROGRAM  
GRANT AGREEMENT NUMBER SLO-02**

COUNTY OF SAN LUIS OBISPO  
2180 JOHNSON AVE., SAN LUIS OBISPO, CA 93401

THIS AGREEMENT (the "Agreement") is made this 3rd day of December, 2015, between County of San Luis Obispo ("Grantee") and the California Health Facilities Financing Authority ("CHFFA" or the "Authority").

**RECITALS:**

- A. Grantee has applied to CHFFA for a grant from the Investment in Mental Health Wellness Grant Program to fund the hereinafter defined Project.
- B. CHFFA has determined that Grantee's Application meets eligibility requirements of the hereinafter defined Regulations.
- C. Subject to the availability of grant monies, CHFFA proposes to grant \$971,070.00 (the "Grant") to Grantee and provide at least some of the Grant funds directly to the Designated Grantee in lieu of the Grantee in consideration of, and on condition that the Grant be used for the purposes of the Project as described in Exhibit D attached hereto and on the terms and conditions contained herein.
- D. The purpose of this Agreement is to set forth the terms and conditions upon which CHFFA will provide the Grant for the Project.

NOW, THEREFORE, CHFFA and Grantee agree as follows:

**ARTICLE I – DEFINITIONS**

Section 1.1 – ACTUAL EXPENDITURES REPORT FORM means Actual Expenditures Report Form No. CHFFA 7 MH-03 (Rev.06/2014).

Section 1.2 – DESIGNATED GRANTEE means the nonprofit corporation or public agency designated by the Grantee to receive Grant funds for real property acquisition and construction or renovation on such real property.

Section 1.3 – GRANT DOCUMENTS means this Agreement, Grant Agreement between CHFFA and Designated Grantee, the Grantee's Application, the Grant Award Letter (Exhibit A); and the Authority's Resolution (Exhibit B), including all exhibits to such documents.

Section 1.4 – GRANT PERIOD means the period beginning on December 3, 2015 and ending June 30, 2017, as such period may be extended upon the prior written approval of CHFFA, which shall become incorporated into this Agreement.

Section 1.5 – PROJECT means the project to be funded with the Grant as more particularly described in Grantee's Application and other Grant Documents, although the scope of the Project may be clarified in a report prepared by Authority Staff.

The Authority may broaden the definition of the Project at its discretion to ensure the Project can provide the intended services, so long as the broadening of the definition of the Project does not result in additional County funds to complete. Any written approval of CHFFA to expand the Project shall become incorporated into this Agreement.

Section 1.6 – REGULATIONS means the Investment in Mental Health Wellness Grant Program regulations at sections 7113 through 7129 of title 4 of the California Code of Regulations, as may be amended from time to time.

Section 1.7 – REQUEST FOR DISBURSEMENT FORM means Request for Disbursement Form No. CHFFA 7 MH-02 (Rev.06/2014).

Section 1.8 – Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Regulations.

## **ARTICLE II – REPRESENTATIONS AND WARRANTIES**

Grantee makes the following representations and warranties to CHFFA as of the date of execution of this Agreement and throughout the Grant Period:

Section 2.1 – LEGAL STATUS. Grantee is an “eligible applicant” as described in the eligibility requirements of Section 7114 of the Regulations and has full legal right, power and authority to enter into this Agreement and the other Grant Documents to which it is a party and to carry out and consummate all transactions contemplated hereby and by the other Grant Documents as evidenced, in part, by the Resolution of Grantee’s Governing Board attached herein as Exhibit C.

Section 2.2 – VALID AND BINDING OBLIGATION. This Agreement has been duly authorized, executed and delivered by Grantee, and is a valid and binding agreement of Grantee.

Section 2.3 – PROJECT AND ELIGIBLE COSTS. The Project and the eligible costs relating to the Project meet the requirements of the Regulations.

Section 2.4 – PROPERTY OWNERSHIP. Designated Grantee will have obtained good and marketable fee title to the real property upon acquisition or prior to construction or renovation as applicable. If the Project includes construction or renovation located on real property to be leased by Grantee or otherwise not owned in fee title by Grantee, the requirements of Section 7126 of the Regulations will be satisfied prior to the initial disbursement of Grant funds for construction or renovation.

Section 2.5 – GRANT DOCUMENTS. Grantee has access to professional advice to the extent necessary to enable Grantee to comply with the terms of the Grant Documents.

## **ARTICLE III - CONDITIONS PRECEDENT TO EACH DISBURSEMENT**

CHFFA’s obligation to make each disbursement of Grant funds during the Grant Period under this Agreement is subject to all of the following conditions:

Section 3.1 – DOCUMENTATION. This Agreement shall be fully executed and delivered by Grantee and CHFFA in form and substance satisfactory to CHFFA.

A Grant Agreement shall be fully executed and delivered by Designated Grantee and CHFFA in form and substance satisfactory to CHFFA.

Section 3.2 – REPRESENTATIONS AND WARRANTIES. The representations and warranties contained in Article II of this Agreement are true and correct as of the date of such disbursement and as certified by Grantee in the applicable Projected Expenditures Form.

Section 3.3 – NO EVENT OF DEFAULT. There shall exist no Event of Default under this Agreement, and there shall exist no event, omission or failure of condition, which, after notice or lapse of time, would constitute an Event of Default under this Agreement.

Section 3.4 – DISBURSEMENT REQUEST. Grantee shall have delivered to CHFFA a completed Request for Disbursement Form and any other information required by Sections 7125 and 7128 of the Regulations, satisfactory to the Authority.

Section 3.5 – READINESS AND FEASIBILITY. Grantee has submitted to the Authority sufficient documentation to enable Authority staff to conclude the Project is ready and feasible as more particularly described in Section 7125 (a)(2) and (a)(3) of the Regulations. The Authority Staff shall determine Project readiness and feasibility at the time of Initial Allocation or within nine (9) months following Final Allocation. Limited extensions beyond nine (9) months may be granted as set forth in Regulations Section 7125(a)(3)(C). Upon request, Grantee shall provide updated information necessary for the Authority to determine Project readiness and feasibility. Failure to demonstrate readiness and feasibility within the timeframes dictated by the Authority may cancel the Grant. In the event Grantee fails to complete the Project by the end of the Grant Period (inclusive of any extensions permitted by the Authority), the Authority may require remedies, including forfeiture and return of the Grant to CHFFA in accordance with the Regulations as set forth in Article VI below.

#### **ARTICLE IV – GRANT DISBURSEMENT PROCEDURES**

##### **Section 4.1 – DISBURSEMENT PROCESS:**

(a) **Initial Disbursements:** Initial disbursement of Grant funds shall be released upon the Authority's receipt of a completed Request for Disbursement Form and other information required by Section 7125(a)(2) of the Regulations, satisfactory to the Authority.

(b) **Subsequent Disbursements:** Subsequent disbursements of Grant funds shall be released upon receipt of a completed Request for Disbursement Form, a status report pursuant to Section 7128(a) of the Regulations, an Actual Expenditures Report Form, and any other information required by Sections 7125 and 7128 of the Regulations, satisfactory to the Authority.

(c) **Reports and Reconciliations:** CHFFA shall notify Grantee in writing within seven (7) business days of any deficiencies or discrepancies in the information, forms and reports submitted by Grantee, including any reconciliations the Authority deems necessary as may occur due to projected expenditures exceeding actual expenditures for any of the reporting periods. The Authority will not disburse any funds until Grantee addresses to the Authority's satisfaction, any deficiencies or discrepancies in the information, forms and reports submitted by Grantee. CHFFA may deduct the difference between actual expenditures and the disbursed amount from the next disbursement or the Grantee shall submit a refund for the difference.

Section 4.2 – AMOUNT OF DISBURSEMENT. The total amount of the Grant shall not exceed the amount authorized under this Agreement and may only be spent for eligible costs. Grant funds are subject to the availability of funds and may be rescinded or reduced. Grantee shall establish an account to deposit the Grant funds and shall maintain this account for purposes of payments of Project expenditures. A segregated sub-account may be used by Grantee provided the statement allows for the accounting of the receipt and expenditure of Grant funds, and the interest earned from these funds, separately from other funds in the account. Upon request, Grantee shall submit copies of all statements for such account or sub-account to CHFFA. At the end of the Grant Period (inclusive of any extensions permitted by CHFFA), any unused Grant funds, interest and investment earnings on such Grant funds revert to and shall be paid to the Authority.

Section 4.3 – REAL PROPERTY ACQUISITION BY DESIGNATED NONPROFIT CORPORATION OR PUBLIC AGENCY (DESIGNATED GRANTEE).

(a) Grantee affirmatively supports Grantee's designation of and collaboration with a designated nonprofit corporation or public agency in lieu of Grantee directly receiving Grant funds to acquire real property. Grantee may request the Authority to release Grant funds to the Designated Grantee, or to the Grantee for disbursement to the Designated Grantee. The Authority will not release Grant funds until and unless the following are met:

(1) An appraisal completed within the previous six months by a state certified appraiser.

(2) Designated Grantee shall execute a Grant Agreement and agree to comply with the Authority's requirements set forth below and in the Grant Agreement executed by Designated Grantee.

(i) Designated Grantee shall provide the services under the Program(s).

(ii) Designated Grantee shall execute a Grant Agreement with the provisions required in Section 7124 of the Regulations. The Grant Agreement shall also provide that in the event Designated Grantee fails to provide any of the services under the Program(s), title to the real property shall be given to Grantee. In addition, the Grant Agreement shall also provide that in the event Grantee does not act timely, as determined by the Authority, to take and hold title to the real property, the Authority may take any action necessary to take and hold title to the real property.

(iii) Designated Grantee shall provide, upon request, Audited Financial Statements and shall retain all Project and financial records necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the certification of Project completion has been submitted.

(iv) Designated Grantee shall provide, upon request, a current title report that shows all of the following:

(A) No easements, exceptions or restrictions on the use of the site that shall interfere with or impair the operation of the Project.

(B) A fee title subject to the lease agreement described below.

(C) A deed of trust shall be recorded in the chain of title against the real property and shall contain the lease agreement described below.

(v) Designated Grantee shall enter into a lease agreement with Grantee for use of the real property for Crisis Stabilization for the useful life of the Project, including any renewals. The lease agreement shall provide that in the event Designated Grantee fails to provide Crisis Stabilization as provided in the Grant Agreement, title to the real property shall be given to Grantee. In addition, the lease agreement shall also provide that in the event Grantee does not act timely, as determined by the Authority, to take and hold title to the real property, the Authority may take any action necessary to take and hold title to the real property.

(b) Grant funds shall be returned to the Authority if Grantee and/or Designated Grantee fails to comply with the Authority's requirements.

(c) In the event Grantee does not act timely, as determined by the Authority, to take and hold title to the real property, the Authority may take any action necessary to take and hold title to the real property. Grantee will assist in facilitating the transfer of title to the real property, and provide any documents and information requested by the Authority for this purpose.

(d) Grantee acknowledges that as Lead Grantee, Grantee is responsible for the completion of the Project and that Grantee shall ensure that the Designated Grantee complies with the requirements of the Grant (including Regulations and Statute). Failure by Grantee and/or Designated Grantee to comply with the requirements of the Grant (including Regulations and Statute) shall constitute an Event of Default under this Agreement.

Section 4.4 – REAL PROPERTY CONSTRUCTION OR RENOVATION BY DESIGNATED NONPROFIT CORPORATION OR PUBLIC AGENCY (DESIGNATED GRANTEE).

(a) Grantee affirmatively supports Grantee's designation of and collaboration with a designated nonprofit corporation or public agency in lieu of Grantee directly receiving Grant funds for construction or renovation of real property acquired with Grant funds under Section 4.3. Grantee may request the Authority to release Grant funds to the Designated Grantee, or to the Grantee for disbursement to the Designated Grantee. The Authority will not release Grant funds until and unless the following are met:

- (1) Grantee or Designated Grantee shall provide:
  - (i) Detail of building plans, costs, and timelines.
  - (ii) Executed construction contract.

- (iii) Architect, design and engineering contracts, if applicable.
- (iv) Building permits and conditional use permits, if applicable.
- (v) Evidence of compliance with the California Environmental Quality Act.
- (vi) Evidence of compliance with prevailing wage law under Labor Code Section 1720 et seq.
- (vii) Evidence of property ownership, such as title report.

(2) Requirements under Section 4.3(a).

(b) Grant funds shall be returned to the Authority if Grantee and/or Designated Grantee fails to comply with the Authority's requirements.

(c) In the event Grantee does not act timely, as determined by the Authority, to take and hold title to the real property, the Authority may take any action necessary to take and hold title to the real property. Grantee will assist in facilitating the transfer of title to the real property, and provide any documents and information requested by the Authority for this purpose.

(d) Grantee acknowledges that as Lead Grantee, Grantee is responsible for the completion of the Project and that Grantee shall ensure that the Designated Grantee complies with the requirements of the Grant (including Regulations and Statute). Failure by Grantee and/or Designated Grantee to comply with the requirements of the Grant (including Regulations and Statute) shall constitute an Event of Default under this Agreement.

## **ARTICLE V – AFFIRMATIVE AND NEGATIVE COVENANTS**

Section 5.1 – CERTIFICATE OF COMPLETION. Within 60 days following completion of the Project, Grantee shall certify to CHFFA that the Project is complete by submitting a Certificate of Completion and Final Report Form No. CHFFA 7 MH-04 (Rev.06/2014), and any other information required by Section 7128 of the Regulations, to the satisfaction of CHFFA.

Section 5.2 – COMPLIANCE WITH STATUTE AND REGULATIONS. Grantee shall comply with the requirements of the Investment in Mental Health Wellness Grant Program, Welfare and Institutions Code section 5848.5, the Regulations, and all other applicable laws of the State of California. Grantee agrees that continued compliance with these requirements is Grantee's responsibility.

Section 5.3 – AUDIT AND RECORDKEEPING PROVISIONS. Grantee shall maintain satisfactory financial accounts, documents and other records for the Project and shall retain all documentation necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the certification of Project completion has been submitted. Grantee agrees that the California State Auditor and Authority Staff may conduct periodic audits and inspections to ensure that Grantee is using the Grant consistent with Program requirements and the terms of this Agreement.

Section 5.4 – NOTICE TO CHFFA. Grantee shall promptly give notice in writing to CHFFA of any pending or threatened action related to the Project in which the amount claimed is in excess of twenty-five thousand dollars (\$25,000). Grantee shall promptly give notice in writing to CHFFA of any uninsured or partially uninsured loss related to the Project through fire, theft, liability, or otherwise in excess of an aggregate of twenty-five thousand dollars (\$25,000).

Section. 5.5 – RELEASE. Grantee shall waive all claims and recourse against CHFFA including the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Agreement, Grantee's use of the Grant funds, Grantee's operations, or the Project. The provisions of this Section 5.5 shall survive termination of this Agreement.

Section 5.6 – INDEMNIFICATION. Grantee shall defend, indemnify and hold harmless CHFFA and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant, the Project or the Program. The provisions of this Section 5.6 shall survive termination of this Agreement.

Section 5.7 – NON-DISCRIMINATION CLAUSE. Grantee shall comply with state and federal laws prohibiting discrimination, including those prohibiting discrimination because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (including cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status and denial of statutorily-required, employment-related leave.

Section 5.8 – PREVAILING WAGE. Grantee shall comply with California's prevailing wage law under Labor Code Section 1720 et seq. for public works projects.

Section 5.9 – PROJECT COMPLETION. Grantee shall assume any obligation to furnish any additional funds that may be necessary to complete the Project.

Section 5.10 – PAYMENT OF RENT. If any portion of the Project (except for equipment acquisition projects) is located on any real property leased by Grantee, Grantee shall budget for payment of rent each year (unless Grantee pays a nominal yearly rent or has paid full rent under the lease agreement).

Section 5.11 – USE OF FUNDS. Grantee will not without prior consent of CHFFA do any of the following: (1) use any Grant funds for purposes other than for the Project unless a change in the use of the Grant is approved in writing by CHFFA; (2) make any changes to the Project as described in the Application or any of the Grant Documents; or (3) dispose of a capital asset before the end of the useful life of the asset.

## **ARTICLE VI – DEFAULT AND REMEDIES**

Section 6.1 – EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

(1) Any representation or warranty made by Grantee, hereunder or under any other Grant Document, proves to be incorrect in any material respect;

(2) Grantee's failure to perform any term or condition of this Agreement, the Regulations, or any other Grant Document;

(3) Any construction or renovation portion of the Project is located on real property leased by Grantee and the lease agreement terminates before the end of the useful life of the Project and the real property is not simultaneously re-leased under a new lease agreement that complies with the Regulations, or fee title to the property is not simultaneously transferred to Grantee; or

(4) As provided under Section 4.3 or 4.4.

#### Section 6.2 – NOTICE OF DEFAULT AND OPPORTUNITY TO CURE.

CHFFA shall provide written notice to Grantee of any Event of Default by specifying: (1) the nature of the event or deficiency that gave rise to the Event of Default; (2) the action required to cure the Event of Default, if an action to cure is possible; and (3) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, so long as Grantee has commenced to cure within such time, then CHFFA may allow the Grantee a reasonable period thereafter within which to fully cure the Event of Default.

Section 6.3 – REMEDIES. If an Event of Default has occurred and is continuing, CHFFA shall have the right to pursue remedies in accordance with Section 7127 of the Regulations and to take any other actions in law or in equity to enforce performance and observance of any obligation, agreement or covenant of Grantee under this Agreement. CHFFA shall also have the right to take and hold title to the real property as provided in Section 4.3 or 4.4.

### ARTICLE VII – MISCELLANEOUS

Section 7.1 – ENTIRE AGREEMENT. This Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire agreement of the parties and may be amended, changed or modified in a writing signed by Grantee and CHFFA.

Section 7.2 – NOTICES. Unless otherwise agreed upon in writing by CHFFA and Grantee, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid and addressed as follows:

(i) If to Grantee:

San Luis Obispo County  
Behavioral Health Department

2180 Johnson Ave., 2nd Floor Administration

San Luis Obispo, CA 93401

Attention: Raven Lopez, Accountant



(ii) If to the Authority:  
California Health Facilities  
Financing Authority  
915 Capitol Mall, Suite 590  
Sacramento, California 95814  
Attention: Executive Director

Section 7.3 – COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 7.4 – GOVERNING LAW AND VENUE. This Agreement shall be construed in accordance with and governed by the laws of the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall (unless waived in writing by the Authority) be filed and maintained in the County of Sacramento.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first hereinabove written. Grantee certifies that the Authorized Officer below is authorized to execute and deliver this Agreement, and the Authorized Officer or his or her designee is authorized to carry out and consummate all transactions contemplated hereby.

GRANTEE:

COUNTY OF SAN LUIS OBISPO

By: \_\_\_\_\_ [Authorized Officer]

Print Name/Title: Jeff Hamm, Health Agency Director

Date: \_\_\_\_\_

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY:

By: \_\_\_\_\_  
Executive Director

Date: \_\_\_\_\_

APPROVED AS TO FORM  
AND LEGAL EFFECT  
Rita L. Neal, County Counsel

By: [Signature] 3/24/16  
Deputy County Counsel Date